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RHMFISS/HQ USEUCOM VAIHINGEN GE
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEAWJB/DEPT OF JUSTICE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS ALGIERS 000774

SENSITIVE
SIPDIS

ANKARA PASS TO DOJ SHAYDEN
CAIRO PASS TO TREAS OTA JROWE
JUSTICE PASS TO JSILVERWOOD
STATE FOR INL AALTON AND NEA/MAG
TREASURY PASS TO OTA MRUFFNER, CCORREA, LDUBIEL, AND CKELLY
USEUCOM PASS TO OTA JANTONOVICH

E.O. 12958: N/A
TAGS: [EFIN](#) [ECIN](#) [KTFN](#) [KCRM](#) [KJUS](#) [PREL](#) [PTER](#) [ECON](#) [AG](#)
SUBJECT: ENHANCING ALGERIA'S ANTI-MONEY LAUNDERING CAPACITY

REF: A. 06 ALGIERS 1749
[1](#)B. 07 ALGIERS 473

[1](#)1. (SBU) SUMMARY. Algeria's still nascent financial intelligence unit is ready to cooperate on a technical assistance program to be offered through the Office of Technical Assistance (OTA) at the U.S. Department of Treasury in the area of anti-money laundering and terrorist finance (AML/TF). Board members of the Cellule de Traitement du Renseignement Financier (CTRF) told visiting OTA Regional Advisor for Enforcement Jerry Rowe that CTRF wants technical assistance in three key areas: training of new financial intelligence analysts, the development of a data base, and the coordination of various actors within the Algerian government involved in AML/TF efforts. CTRF is trying to expand its board and hire new analysts, and sees this technical assistance project as opportune given the fact that Algeria's AML program will be reviewed in January 2008 by the Middle East and North Africa Financial Action Task Force (MENA-FATF). CTRF faces stiff challenges both internally and externally, primarily from a lack of staffing and a lack of interoperability with Algerian law enforcement agencies. Moreover, half of the financial transactions in Algeria are conducted on the informal economy, outside the purview of strict banking regulations and government oversight. But CTRF board members were confident that they can grow the agency and use regulatory changes to remove some of the legal obstacles that limit their work with law enforcement. The technical assistance package to be offered to the Algerians will likely be in the form of an OTA intermittent advisor at the CTRF who will also act as project manager for training and other assistance. The advisor would also work in collaboration with other OTA teams already on the ground in Algeria as well as with any upcoming Department of Justice or other programming concentrating on what the Algerians classify as "new crimes." OTA estimates its advisor for the CTRF may be in place by October 2008, and we will begin negotiating terms of reference immediately. END SUMMARY.

[1](#)2. (SBU) OTA Regional Advisor Rowe met in early July with CTRF board members and other stakeholders as a preliminary step toward establishing an intermittent advisor position at the CTRF to bolster the organization's AML/TF capacity. This technical assistance package stems from a request from the CTRF President Abdelmadjid Amghar (ref A) and the report of a Financial Systems Assessment Team (FSAT) visit in February

2007 (ref B). In addition to the CTRF board members, Rowe met with the Algerian Professional Bankers Association (ABEF), the OTA Tax Team intermittent advisor, and Embassy officials involved in future technical assistance programs in what the Algerian Ministry of Justice labels "new crimes," which include aspects of money laundering and terrorist finance. The CTRF board members were very receptive to Rowe's presentation, and told us that their priorities for technical assistance were: the training of new financial intelligence analysts; development of a data base to track and analyze suspicious financial transactions and suspected wrong-doers; and coordination of the government and private sector actors involved in the fight against money laundering and terrorist financing.

SMALL, BUT COMMITTED

13. (SBU) Established in 2004, CTRF remains a small, nascent organization housed at the Ministry of Finance but independent from all ministries (ref B). CTRF is comprised of six board members: CTRF President Amghar and five drawn from other agencies for four-year terms. The primary purpose of the CTRF is to receive declarations of suspicious transactions from Algerian banks and other entities, analyze information related to possible money laundering or terrorist finance violations, and refer cases to magistrates for further investigation and possible prosecution. Four years into its legal existence, however, the entire organization still consists of the board and an administrative officer. Thus, each board member personally receives and analyzes suspicious transaction declarations and then confers with colleagues to make referrals to magistrates (referrals are made only from the CTRF board, convened as a whole). The agency recently tried to hire several financial intelligence analysts, but found no qualified candidates at the salary offered. Board members Mohamed Benhalla and Abelkrim Djadi, both of whom are magistrates, told us that CTRF is preparing to add a board member from the Gendarmerie, and rotate experienced analysts from other government agencies through CTRF as well as help train new college graduates. CTRF would then have four functional divisions: investigations, documentation, information technology, and international cooperation. Djadi told us that Algeria will be reviewed in January 2009 by MENA-FATF, and he hopes to have CTRF well staffed by then.

INFORMATION FLOW: ONE WAY ONLY

14. (SBU) One of the chief impediments to CTRF's effective operation lies in the limits of its statutory authority to share information. According to board members Benhalla and Djadi, CTRF cannot conduct field investigations but is limited to "administrative" investigations and analyses based on the data it receives from banks and other sources. They said that CTRF may solicit and receive information from Algerian law enforcement agencies, as well as through cooperative agreements with FIUs in other countries. However, CTRF is not authorized to share its information with Algerian law enforcement, even if its information regarding financial transactions would be useful to an ongoing criminal investigation. Instead, the CTRF board may give its findings to magistrates only in the form of a referral for prosecution. The board members told us that because of this one-way exchange of information and a sense of distrust it foments, they believe law enforcement agencies are not always forthright in providing CTRF with information gleaned in the course of active investigations. The board members noted that CTRF has formal legal frameworks for cooperation with customs and with the tax administration, and informal agreements with several law enforcement agencies. They admitted the cooperation agreements were limited to the method of ensuring the security of information, rather than regarding the type or scope of information to be shared.

SUSPICIOUS TRANSACTIONS: CASH AND CARRY

15. (SBU) Djadi told us that since its inception CTRF has received about 170 suspicious transaction declarations from Algerian banks. He admitted that this number is relatively low given the comprehensive nature of Algeria's anti-money laundering statutes and central bank requirements that all banks adopt AML strategies and that bank examiners report suspicious transactions they discover to CTRF. (Note: Algeria adopted an "all crimes" approach to money laundering, meaning any serious criminal offense may be a predicate offense to the charge of money laundering, versus a list of specific crimes. End note.) He blamed the low reporting figure on two factors: a lack of public awareness by bank employees and other professionals, and the fact that a significant percentage of Algerian financial transactions are done in cash and thus lie outside the purview of the otherwise stringent reporting requirements.

16. (SBU) Both Djadi and Banking Association Director Abderramane Benkhalfa estimated that up to 50 percent of financial transactions in Algeria are done in cash. The CTRF board members said that real estate transactions are the most common method by which financial transactions evade scrutiny by government regulators, because buyers and sellers routinely undervalue their deals, and the agents, lawyers and notaries involved in recording the transactions simply document what the parties agree to without verifying or questioning the substance of the transactions. Accordingly, real estate is the most common avenue for the investment of criminal proceeds in Algeria, the board members said. According to CTRF board member Benhalla, the tax administration has the legal authority to purchase a property for 10 percent more than the reported value of the transaction if it suspects fraud in the recording of a sale. Such legal action would serve as a deterrent to those who would undervalue their property purchases by greater than 10 percent, and open the door to tax evasion and AML charges. But, Benhalla said, the provision has never been invoked.

17. (SBU) Both the CTRF board members and the representatives of the Bankers Association described proposals to impose a statutory limit on the amount of money that may be transacted in cash in Algeria. The Bankers Association has proposed an 8,000 Euro cash limit on any consumer or business transaction, beyond which a financial instrument (check, electronic transfer, etc.) must be used. CTRF said that the current, much lower limit is not enforced, and Benkhalfa from the Bankers Association said that individual banks currently set their own limits for the receipt and payment of transactions in cash. CTRF board members said they support a provision to exempt certain market transactions from the cash limit, such as the sale of fruits, vegetables, fish and meat.

COMMENT: GOOD TIMING

18. (SBU) The timing is opportune to launch an AML/TF technical assistance program in Algeria based at CTRF. As the organization grows its staff, we can assist in its training at the outset, enhancing compliance and interoperability with international standards and best practices. This will help Algeria join the Egmont Group of cooperating FIUs. Moreover, OTA Enforcement has experience assisting FIUs in regulatory drafting and interagency agreements to enhance cooperation with law enforcement, and in preparing for FATF reviews, both of which will be priorities for CTRF within the next year. An OTA advisor at CTRF can also complement existing OTA teams at the central bank and the tax administration, as well as the "new crimes" training program currently being discussed with OPDAT and State INL. Joint training efforts across agencies are also foreseeable. There will undoubtedly be challenges: CTRF is still underdeveloped and relatively disconnected from law enforcement, and the bankers, for example, showed resistance to the idea of training side-by-side with CTRF and other government regulators. But the CTRF and other actors are eager to study and adopt best practices in the area of AML/TF, and OTA engagement can capitalize on their enthusiasm.

19. (U) This cable was coordinated and cleared with OTA
Regional Enforcement Office, Cairo.
DAUGHTON